



**SENATE BILL 692 – Cannabis – Legalization and Regulation (Cannabis Legalization
and Reparations for the War on Drugs Act)
March 3, 2022**

The Honorable Delores Kelley
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

Dear Chair Kelley:

The Maryland Wholesale Medical Cannabis Trade Association (CANMD) and the Maryland Medical Dispensary Association (MDMDA) appreciate the opportunity to comment on **Senate Bill 692 – Cannabis – Legalization and Regulation (Cannabis Legalization and Reparations for the War on Drugs Act)**. We applaud Senator Carter for her long history of advocating on issues of equity, justice and civil rights; that dedication is evident throughout the provisions of Senate Bill 692.

We have separately submitted testimony on substantially similar legislation being heard today – Senate Bill 833. Our focus on writing to you today is on a major difference between the bills – while Senate Bill 833 contemplates that medical licensees will be permitted to participate in the new adult market, with an expectation that they will play a role in ensuring the success of new social equity licensees, Senate Bill 692 is, at best, silent on that issue.

CANMD and MDMDA have long supported efforts to increase diversity in the cannabis industry. Most recently, our organizations supported House Bill 2 of 2018, legislation that added grower and processor licenses in the medical cannabis program to increase diversity among license holders. As a result of that legislation, licenses have been awarded to 3 majority African American owned grower entities, and 7 majority African American owned processor entities.

In establishing an adult use market, the State will seek to compete with the illicit market and prevent diversion of legally produced cannabis into that illicit market. The State also wants to ensure products are safe for use. Senate Bill 692 contemplates the establishment of a strict testing program “identical” to the standards under the current medical program. Additional

requirements include regulations on a range of issues – security, seed-to-sale tracking, testing, diversion, labeling, advertising, child-proof packaging, transportation, crop protection, marketing to children, and more – all of which are currently addressed in the medical cannabis regulations. Existing medical licensees have a proven history as well-regulated, compliant actors that have produced safe, quality products for Maryland patients and should be a part of this expanded market.

It is important to note the experience in other States that had a medical market and later passed an adult use market. In almost every instance, medical patient enrollment and sales decrease, often significantly. Oregon, Alaska, Nevada, and Colorado experienced declines ranging from 20% to over 60%. More recently, as Arizona prepares for adult use sales in March 2022, applications for patient enrollment declined from almost 18,000 in July 2021 to just over 4,000 in November 2021. In Michigan, which commenced adult use in 2018, over 30,000 patients have left the medical market; last calendar year, adult use sales double while medical sales declined 20%.

Every State with a medical program that adopts adult use has included medical licensees in the new market. Medical licensees are expected to maintain a comparable supply of medical products for patients to ensure access to their medicine. In addition, medical licensees are expected to support efforts to increase ownership diversity in the industry. Senate Bill 692 omits a provision in Senate Bill 833 that is common in recently-adopting States – medical licensees are required to pay a fee into a Social Equity Fund to assist social equity licensees entering the industry. A variety of tools – incubators; mentorships; application assistance; access to capital; joint venture partnerships; tax credits and other approaches – also are used in other States. Existing licensees are an important part of providing that support and stand ready to do so.

We appreciate Senator Carter’s leadership on this issue and look forward to working with her and the Committee to help craft an adult use program. As compliant existing licensees that will see a decline in the existing medical market, medical licensees should be included in the adult use market. As participants in that market, existing licensees also have a responsibility to help support current patients and diverse new companies entering the industry.

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